

# OFF-SITE PURCHASE FOR 14 CALIFORNIA INSTALLATIONS

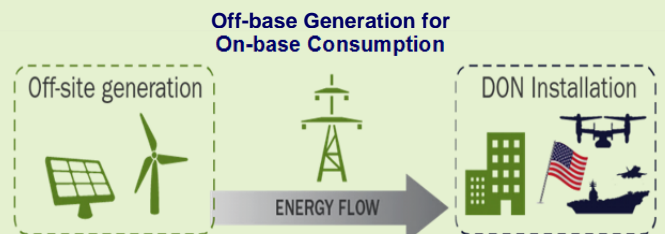
## PROJECT OVERVIEW

On September 29, 2014 the Western Area Power Administration (Western) issued a request for proposal on behalf of the Department of the Navy (DON) to enter into an agreement for off-base renewable energy generation to power a portion of 14 naval installations. Western selected Sempra U.S. Gas & Power's Mesquite Solar 3 photovoltaic (PV) project located in Arizona. Mesquite Solar 3 will have a maximum capacity of 210 megawatts (MW) direct current (DC) for a 25-year term, which will meet a third of the energy needs of the 14 installations. The agreement is projected to save the DON \$90 - \$400M over the life of the project.

The project will help increase the Navy's energy security by providing long-term cost stability and resource diversification. It will also assist in the Navy's compliance with the California Renewables Portfolio Standard (RPS).

## BY THE NUMBERS

- 210 MW of solar generation capacity DC, 150 AC
- 25-year term
- Savings of \$90 - \$400M over the life of the project
- Will provide 33.3 (one-third) percent of load for 14 DON installations
- In 2014, the DON and Western signed an Interagency agreement
- Will create 600 construction jobs as part of multi-phase expansion in development



EXTERNAL GRID

MODEL 1

## ABOUT NAVY'S 1 GW INITIATIVE

The Secretary of the Navy stood up the Renewable Energy Program Office (REPO) in May 2014 to help the DON meet the expedited goal to bring one gigawatt (GW) of renewable energy into procurement by the end of 2015. Renewable energy generation will improve DON's energy security, operational capability, strategic flexibility and resource availability. Projects aim to: 1-be cost-effective, mission-compatible and leverage third-party financing, 2-stabilize long-term operational costs, and 3-be complemented by smart microgrid technology and utility infrastructure upgrades.



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### ABOUT WESTERN AREA POWER ADMINISTRATION

The Western Area Power Administration is one of four power marketing administrations under the Department of Energy and is responsible for the marketing and delivery of clean, renewable, reliable, cost-based federal hydroelectric power and related services, which can include helping other federal agencies meet their renewable energy goals. With 17,000 circuit-miles of transmission lines, 320 substations and 177,000 structures, Western's operations cover a footprint of more than 1.3 million square miles across 15 states.

Working with the Navy, Western issued a request for proposals for new renewable energy projects that qualified for California Renewable Portfolio Standard Category One. Sempra's Mesquite Solar 3 Project was selected and subsequently, Western, Sempra, and the Navy negotiated terms to allow Western to transact on behalf of the Navy utilizing Navy funds while protecting Western rate payers from any costs related to the purchase of solar energy to help power 14 naval installations.

### ABOUT SEMPRA U.S. GAS & POWER

Sempra U.S. Gas & Power, LLC is a leading developer of renewable energy and natural gas solutions with power plants that generate enough electricity for nearly 600,000 homes. Sempra U.S. Gas & Power companies also operate natural gas storage facilities, pipelines and distribution utilities. The company is a subsidiary of [Sempra Energy](#) (NYSE: SRE), a Fortune 500 energy services holding company with 2014 revenues of \$11 billion.

Sempra U.S. Gas & Power's Mesquite Solar complex is among the largest photovoltaic (PV) solar facilities in the U.S. The first phase of the complex, the 150-MW AC Mesquite Solar 1 was completed in late 2012. Completion of Mesquite Solar 3 is expected by year-end 2016.

The company owns and has invested in nearly 2,000 megawatts (MW) of jointly-owned renewable generating capacity. The more than \$2 billion investment in renewable energy has created more than 4,000 jobs, while providing an economic boost to communities and landowners in 10 states.

### MESQUITE SOLAR 3 PROJECT

